PARTS OF THE ORIGINAL DOCUMENT

ARE OF POOR REPRODUCTIVE QUALITY

CERTAINES PARTIES DU DOCUMENT ORIGINAL

SONT DE PIÈTRE QUALITÉ DE REPRODUCTION

THE REGIONAL MUNICIPALITY OF

HAMILTON-WENTWORTH

FINANCIAL REPORT 1987

89-00058/

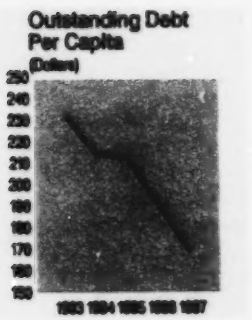
CONTENTS

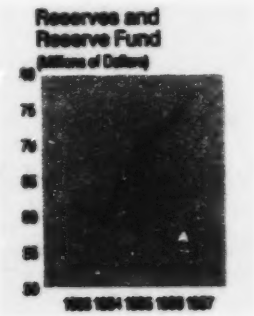
	PAGE
1987 Financial Highlights	1
Regional Profile	2
Business and Economic Environment	4
Chairman's Report	6
Commissioner's Report	7
Governing Structure	8
Five Year Review	10
Consolidated Financial Statements	15
Trust Funds	32
Finance and Fiscal Administration	37
Regional Services	38
Current Operations	42
Capital Operations	44
Reserves and Reserve Fund	47

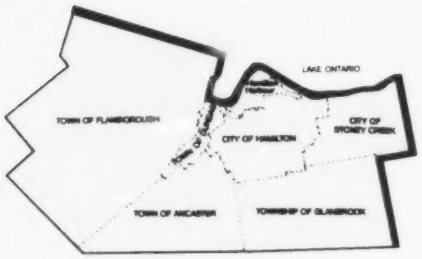
Cover Photo:
The completion of the Bank of Commerce Tower in downtown Hamilton is a positive sign of Hamilton-Wentworth's emergence as a regional centre for financial institutions.

1987 FINANCIAL HIGHLIGHTS

- Operating surplus for the fourteenth straight year, $1.5 million in 1987
- Reserves up $5.5 million, to $77.9 million.
- Net long term debt decreased by $8.3 million, to $169 per capita.
- Moody's Investors Service upgraded the region's credit rating from Double A3 to Double A2.
- Canadian Bond Rating Service has awarded the region a Triple A- low rating for the second year in a row.
- Industrial Park sales of $5.7 million, up 154% from 1986.
- First Regional Municipality to file audited financial statements with the Province of Ontario.







The Regional Municipality of Hamilton-Wentworth with a population approaching half a million represents the largest demographic and economic unit in southwestern Ontario. Six area municipalities comprised of 2 cities, 3 towns and 1 township together form the singular community known as Hamilton-Wentworth. The Region encompassing a geographic area of 280,764 acres offers a variety of living in urban, suburban, or rural settings.

The Region's strategic position makes this area an attractive corporate, manufacturing, and distribution centre. A market of 100 million people are within a day's drive and can be accessed by a transborder interconnecting highway system. The major expansion of passenger and cargo facilities at Hamilton Airport, the availability of deep water port facilities, and the excellent rail links provide convenient and cost efficient transportation servicing to nearby consumer and industrial markets. A highly skilled and productive labour supply and the relatively low housing and office space costs provide an economic advantage for companies considering Hamilton-Wentworth as a location.

Hamilton-Wentworth's economy once solely dependent on industry is rapidly becoming diversified as strong economic growth and business expansion in the service sector are transforming this area into an important regional centre for education, health care, and financial institutions.

The night reflection of Hamilton's industrial skyline across the Harbour.

Industrial and Commercial Base

The Region's industrial base consists of over 800 manufacturing companies producing a broad range of products for domestic and world markets. Hamilton-Wentworth is considered the industrial capital of Canada with manufactured shipments totalling in excess of $7 billion annually. Among the important industries are steel, textiles, food processing, machinery, metal fabrication, electrical products, detergents, footwear, and communication systems. The backbone of the Region, however, continues to be the steel industry which produces over 60% of the steel in Canada and is among the most progressive and productive in the world. The giant steel producers Stelco Inc. and Dofasco Inc. with a combined total of 24,000 employees are the leading employers. Health care constitutes the second largest industry in the Region in terms of total employment with 11,000 people. Other major employers in Hamilton-Wentworth include McMaster University 3,800, Westinghouse Canada 2,500, J. I. Case 1,800, Bell Canada 1,800, Camco Inc. 1,600, and Proctor and Gamble 1,500.

Manufacturing Structure
Hamilton-Wentworth

	%
Primary Metals	39.2
Fabrication, Machinery, Transportation	23.5
Electrical Products	8.0
Food and Beverages	6.8
Rubber Chemicals	5.8
Leather, Textiles, Clothing	4.7
Wood, Furniture, Paper	4.0
Non-Metallic Minerals	3.7
Printing and Publishing	2.7
Other	1.6
Total	100.0

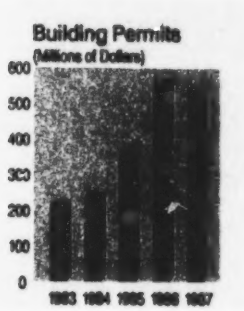
Quality of Life

The quality of life in Hamilton-Wentworth is very high. Excellent recreational, medical, educational, and cultural facilities are available to the Region's inhabitants. Recreational opportunities are provided through a system of parks including the world famous Royal Botanical Gardens and the African Lion Safari. The natural beauty of the Niagara Escarpment with its woods and waterfalls is augmented by the 7000 acres of parkland that can be found in the Region's conservation areas. There are 17 eighteen-hole golf courses, indoor arenas including the 18,000 seat Copps Coliseum, an outdoor wave action pool, summer and winter music and art festivals to name just a few. The Region's health care system has been described as one of the best in the country, being highly regarded for its research contributions as well as providing specialized treatment and medical training. The hospital system incorporating 7 hospitals with 3,000 beds offers a range of services from neonatal to palliative. Institutions for higher education include McMaster University and Mohawk College with a combined full-time enrollment of over 20,000 students. Cultural opportunities abound in the Region whether it be enjoying live theatre, listening to the Philharmonic Orchestra, touring historic museums, or viewing art collections in the two galleries.

The Niagara Escarpment curves through the Region adding unique geographic character to the area and creating ideal terrain for skiers.

Hamilton's McMaster University Complex containing the Chedoke-McMaster Medical Centre, is a renowned institute for education and health care.

BUSINESS AND ECONOMIC ENVIRONMENT



The Region of Hamilton-Wentworth is continuing to experience strong economic growth in all areas as building activity, job creation, business investment, and tourism have remained at or exceeded the healthy levels achieved in 1986.

Construction

The value of building permits issued in 1987 totalled $522 million which represents a 149% or $313 million increase from 1983 levels. Residential growth continues to account for the largest proportion at $309 million, or 59% of the total in 1987. The balance was comprised of industrial permits at 16%, commercial 17%, and institutional 8%. The value of building permits for commercial and residential development was unprecedented, surpassing the previous records set in 1986 by $130 million.

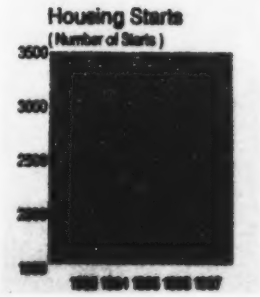
The buoyant economy of the Region was reflected in home sales, as $1.32 billion worth of real estate changed hands in 1987, breaking the previous record of $1.13 billion set in 1986. This increase was mainly attributable to rising house prices as the total number of home sales remained steady with the previous year at 11,000. The upward trend in residential activity is also evidenced in housing starts which climbed from 2,598 in 1986 to 3,155 in 1987, a 21% rise. The steady volume of subdivision and condominium applications received during the year, at 52 and 17 respectively, is another positive measure of anticipated future development.

Foundation work on the $100 million Eaton Centre in downtown Hamilton.

The year 1987 was highlighted by several major construction projects in progress or proposed. Construction has started on a $100 million Eaton Centre in downtown Hamilton which will contain over 120 stores. With the intent of expanding Hamilton's downtown core westerly, the Region is negotiating with a developer to build a new Regional Administration Building. The complex costing $55 million would include a 21 storey office tower and a 24 storey tower containing 200 to 250 luxury hotel apartments.

Over $100 million in renovations are presently being undertaken on area hospitals which will ensure their continued standing as world-class medical care facilities. The bulk of the hospital construction is being performed on four hospitals, St. Joseph's, Hamilton Civic, Chedoke and McMaster.

Significant transportation related projects by the private and public sectors are underway or planned. Engineering and design work is progressing on a new $30 million state-of-the-art cargo complex at Hamilton Airport. The International Air Cargo Terminal development will include two hangars, a cargo handling and avionics centre, and major servicing and maintenance facilities for big jets. Pier 25, the first phase of the $27 million East Port marine and industrial park was completed in 1987 with Pier 26 presently under construction and Pier 27 commencing when demand warrants. In addition, over $165 million for a major Roads Rehabilitation Program and a new North/South, East/West Freeway have been committed by the Region over the next five years.



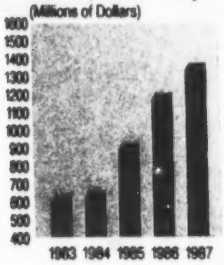
Employment

Continued growth in small business, the real estate market and construction industry have combined to improve the Region's employment picture. In 1987 the number of people employed in the Region increased by 13,000 to 294,000, while the number of jobless remained unchanged at 21,000. The unemployment rate has dropped from 6.9% in 1986 to 6.3%, the lowest in five years and well below the national average.

In 1987, 101 firms announced plans to start or expand their businesses creating 1,654 new jobs. An increase in financial consulting services by bank and trust companies accounted for 107 of these new jobs, further evidence of Hamilton-Wentworth's growing importance as a regional centre for financial institutions. Notable new businesses included the Super Carnaval supermarket chain with 400 new jobs and Permalite, an autoparts manufacturer accounting for 250 new jobs. Business expansions creating 40 or more new jobs included an electrical equipment manufacturer, an aerospace products firm, a food processing company, and the Royal Bank of Canada.

Better employment prospects have enabled local residents to become more self supporting. Consequently, the number of persons on social assistance decreased to 6,009 in 1987, a 9% reduction from the 1986 figure of 6,614. The steady improvement in the economic performance of the Region has resulted in welfare caseloads declining for the fifth consecutive year.

Residential Real Estate Activity

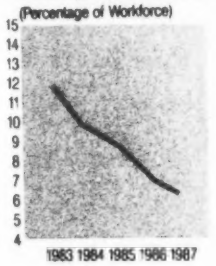


Business Investment

The new Canadian Imperial Bank of Commerce tower, the renovation of the Pigott and Sun Life Buildings into condominiums and the move of the Stelco head office back to Hamilton from Toronto are indicators of investment confidence.

The International Air Cargo Terminals project by the private sector shows that experienced air operators are convinced Hamilton Airport can play an instrumental role in the busy southern Ontario air transportation market. Internal renovations are scheduled to commence in 1988 to accommodate increased volume as United Parcel Service, Purolator Courier, and Allegheny Commuter have begun utilizing the airport. The potential of Hamilton Airport as an alternative to Toronto's nearby Pearson International Airport is slowly becoming realized by airlines and air freight companies whose operations are hindered by overcrowding, congestion and flying time restrictions.

Unemployment Rate

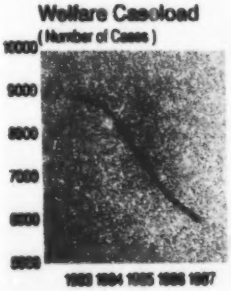


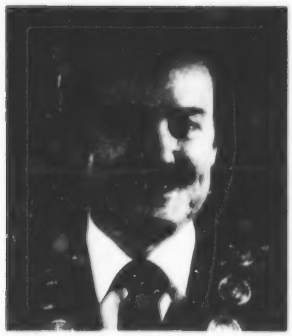
The confidence in Hamilton-Wentworth by the business community was evidenced by the strong demand in the Region's six industrial parks, which completely sold out in 1987. Sale of publically owned industrial land outpaced all previous years with 112 acres worth $5.7 million being sold, compared to industrial park sales of 37 acres worth $2.2 million in 1986. The sustained demand for industrial land within the Region has necessitated the acquisition of 85 acres of additional land for sale which will be marketed in 1988.

Tourism

The efforts of the Region's Economic Development Department in enhancing the area's image externally through a well designed promotional campaign had a positive impact on the Region's economy. A dramatic increase in tourism dollars spent in Hamilton-Wentworth was recorded in 1987. A total of 141 conventions were held attracting 77,000 delegates generating an estimated $136 million in the community. This represented an 89%, or $64 million increase from 1986.

Welfare Caseload





The Region of Hamilton-Wentworth, with the help of its six area municipalities, Ancaster, Dundas, Flamborough, Glanbrook, Hamilton and Stoney Creek, has made substantial progress since its inception in 1974. Many exciting facilities are now completed such as the Copps Coliseum, Hamilton Airport expansion, a new bus garage and the solid waste treatment plant.

Plans are now underway for the North/South, East/West Freeway, a new Regional administrative headquarters, and renovations for the two Homes for the Aged. These developments have been matched by substantial private sector growth such as the Jackson Square Downtown Shopping Mall, a new CIBC Bank complex, Stelco and Dofasco expansions, and renovations to all the major hospitals in the Region. Substantial progress has been made in the negotiations to finalize GO Train services between Hamilton and Toronto which will complete a vital link in the Region's transportation strategy.

From a financial viewpoint, the Region is working on a solid footing with its AAA- credit rating. A progressive approach to financial planning has ensured that tax increases are usually at or below inflation levels, and substantial returns have been achieved on the Region's investments.

The Economic Strategy developed in 1987 will help ensure this Region remains attractive to both new and existing businesses and residents to ensure our continued competitiveness, and to maximize the services this Region can provide to the community.

Yours truly,

Wm. L. Sears, P. Eng.
Regional Chairman

It is my pleasure to present the Annual Financial Report for the Regional Municipality of Hamilton-Wentworth for the year ended December 31, 1987. The Consolidated Financial Statements contained in this report were prepared by management in accordance with accounting principles accepted for Ontario Municipalities applied on a consistent basis.

The production of these Consolidated Financial Statements depends on a large number of people pulling together as a team. Only through the efforts and co-operation of the staff in all Regional Departments, Boards and Agencies, and the Region's external auditors, Pannell Kerr MacGillivray, was it possible to complete the Audited Financial Report by February 26, 1988. This marked the fifth consecutive year Hamilton-Wentworth was the first Region to file final audited results.

Fiscal Highlights

An operating surplus of $1.5 million was generated in 1987. Effective financial control by management throughout the Corporation enabled Hamilton-Wentworth to record an operating surplus for the fourteenth consecutive year.

The Region's debt position continued to improve in 1987 as debt per capita declined to $169. This represents a $22 reduction (12%) over 1986 and a $63 reduction (27%) from 1983. This significant improvement in debt outstanding (reduced by $8.3 million to $73 million in 1987) provides for increased financial flexibility as evidenced by the declining percentage of current revenues required to service debt expense; 5.3% for 1987 as compared to 7.2% for 1983.

The Region's Reserves and Reserve Fund balances increased by $5.5 million (8.3%) to $78 million in 1987. The combination of reduced debt and increased Reserve and Reserve Fund balances translates to a very healthy reserves/debt ratio of 1.07 for 1987; an impressive improvement from the ratio of .65 for 1983.

The financial future looks very bright for the Region of Hamilton-Wentworth. Further details and statistics on the health of this Region can be found elsewhere in this report. I invite you to peruse the remainder of this financial document and share in the confidence we have for this major Region in the heart of the Golden Horseshoe.

G. W. Lawson, CPFA, CGA
Treasurer & Commissioner of Finance

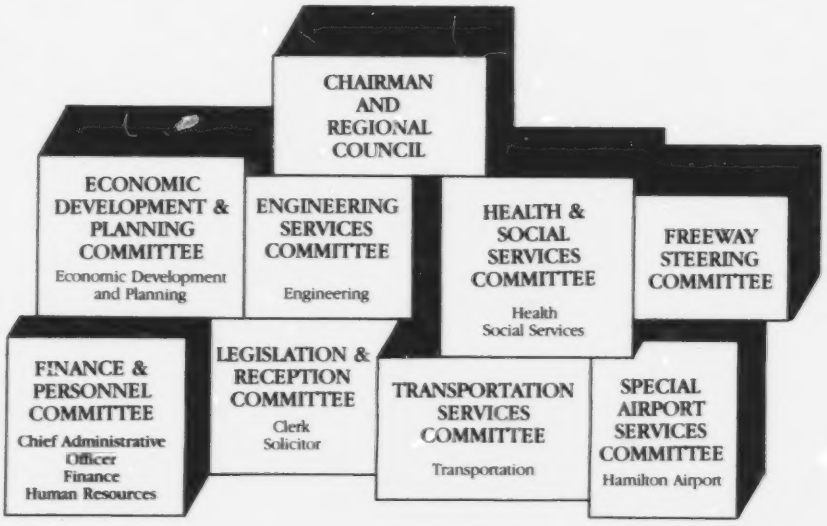
GOVERNING STRUCTURE

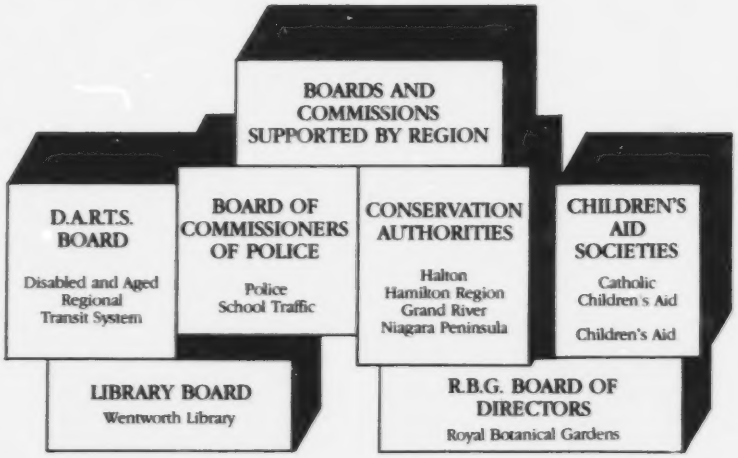
Hamilton City Hall is the centre of political life in the Region

The Regional Municipality of Hamilton-Wentworth was incorporated in 1973 by the Ontario Legislature and represents the upper-tier of a two-tier system of government. Six area municipalities, the Cities of Hamilton and Stoney Creek, the Towns of Ancaster, Dundas and Flamborough and the Township of Glanbrook compose the lower-tier. The Region is governed by a Council of twenty-seven elected members and a Regional Chairman, who is elected by Regional Council.

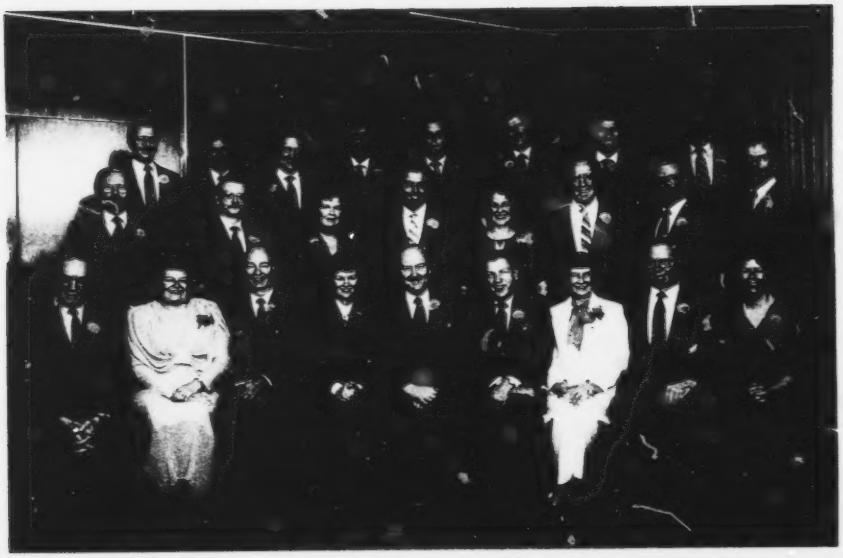
The political structure consists of a Council-Committee-Chief Administrative Officer system of government. Council members form standing committees, each of which has specific responsibilities and reports to the Regional Council. The Chief Administrative Officer directs the daily operations of the Region through appointed department heads, ensures that all regional policies and procedures are complied with, and provides support to Regional Council.

Committee Structure





REGIONAL COUNCIL
Term: December 1985 to November 1988



Councillors

Front Row starting from left: P. Cowell, A. Sloat, S. Napper, M. A. Seldon, William Sears (Regional Chairman), R. Wade, H. Bell, J. A. Smith, *S. Collins

Middle Row starting from left: W. McCulloch, D. Christopherson, G. Copps, T. Murray, M. Kiss, R. Wheeler, J. Robb, J. Addison

Back Row starting from left: J. Gallagher, J. Smith, P. Valeriano, G. Etherington, J. Barlow, B. Hinkley, D. Ross, V. Agro

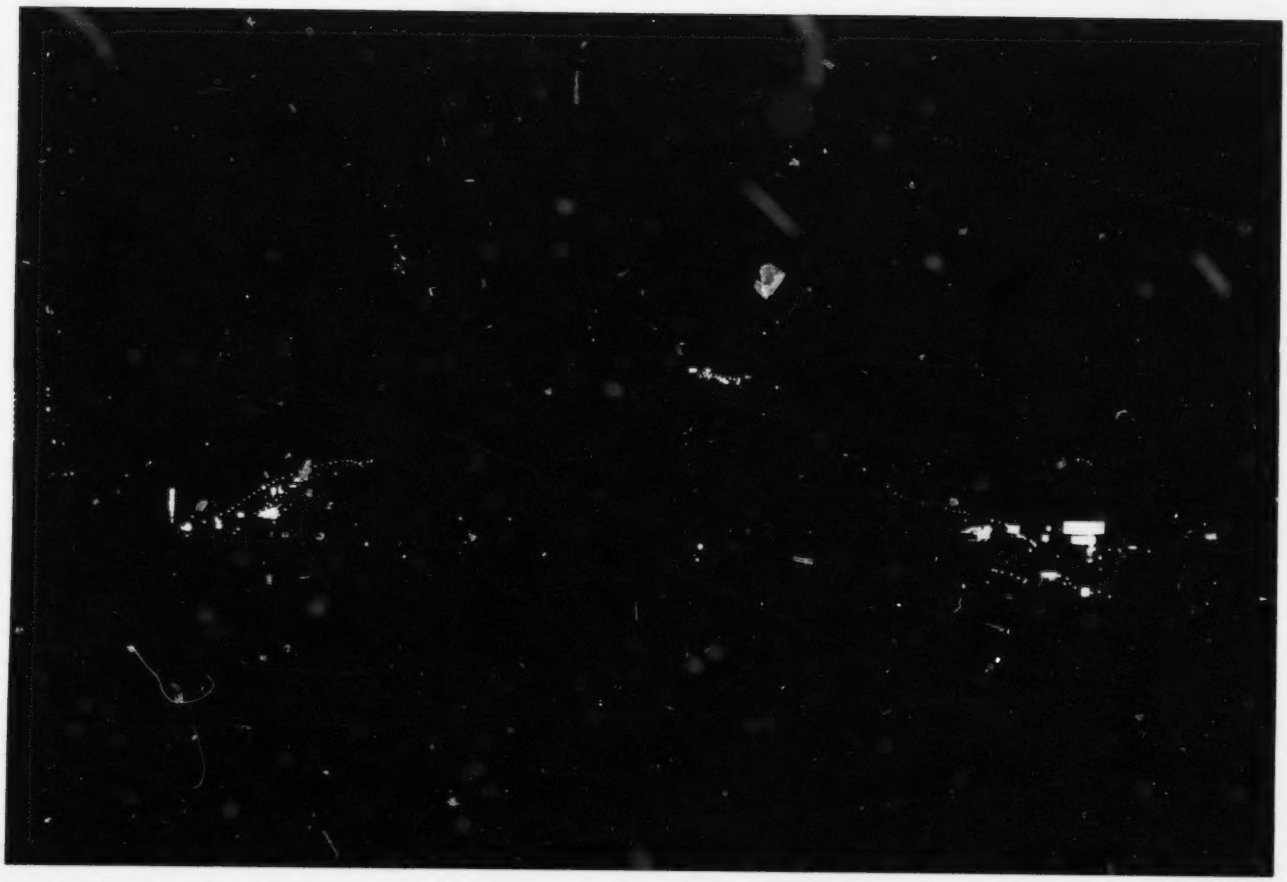
Absent from photograph: T. Cooke, H. Merling, R. Morrow

*Replaced by D. Agostino during 1987.

FIVE YEAR REVIEW

FINANCIAL (in $ 000's)	1987 $	1986 $	1985 $	1984 $	1983 $
CURRENT PROGRAM ACTIVITY					
Analysis of Revenue					
Property taxation	99,943	90,280	83,458	78,443	75,246
Direct charges to ratepayers	43,072	40,225	38,469	36,383	39,381
Provincial subsidies	95,643	88,988	85,858	84,756	85,584
Fees and service charges	41,119	37,202	33,875	31,060	28,530
Other revenue	12,897	10,638	9,800	8,813	5,414
Surplus from previous year	1,534	1,535	1,384	1,117	1,386
	294,208	268,868	252,844	240,572	235,541
Analysis of Expenditure					
Salaries and wages	122,115	115,449	109,033	105,245	96,943
Goods and services	71,747	64,878	60,806	53,002	54,244
Transfer payments	83,440	70,417	65,975	65,982	66,449
Debt charges	15,392	16,590	15,495	14,959	16,788
	292,694	267,334	251,309	239,188	234,424
Accumulated Net Revenue at the end of the year	1,514	1,534	1,535	1,384	1,117
CAPITAL PROGRAM ACTIVITY					
Capital Expenditure	57,821	48,951	34,368	31,956	46,379
Capital Financing					
Contributions from own funds	40,701	34,970	17,118	28,937	22,702
Long term liabilities	—	—	8,169	—	—
Ontario grants	15,519	12,403	12,129	9,406	12,236
Other	1,973	3,991	1,862	1,815	402
	58,193	51,364	39,278	40,158	35,340
Unexpended Capital Financing (Unfinanced Capital Expenditure) at the end of the year	15,025	14,653	12,240	7,330	(872)
RESERVES AND RESERVE FUND AT THE END OF THE YEAR	77,903	72,398	69,496	59,320	61,969
NET LONG TERM DEBT					
General	24,993	28,672	32,254	27,130	28,936
Regional enterprises	46,507	51,060	55,683	60,034	65,426
Reserves	1,123	1,260	1,390	1,519	1,644
	72,623	80,992	89,327	88,683	96,005
CHARGES FOR NET LONG TERM DEBT					
General	6,382	6,840	5,885	5,579	6,193
Regional enterprises	9,010	9,750	9,610	9,380	10,595
Reserves	204	201	203	203	1,136
	15,596	16,791	15,698	15,162	17,924

	1987	1986	1985	1984	1983
	$	$	$	$	$
TAXABLE ASSESSMENT (in $ 000's)					
Residential and farm	759,597	740,684	725,887	716,481	699,535
Commercial and industrial	321,961	317,630	315,167	309,458	307,442
Business	151,510	149,473	148,314	145,627	142,693
Total	1,233,068	1,207,787	1,189,368	1,171,566	1,149,670
Commercial, industrial and business as a percentage of total	38.4%	38.7%	39.0%	38.8%	39.1%
STATISTICAL					
Population	430,300	423,398	421,264	414,469	414,456
Area in acres	280,764	280,764	280,764	280,764	280,764
Employees					
Continuous full-time	3,260	3,222	3,170	3,125	3,110
Part-time	587	575	620	617	551
Households	166,115	163,607	160,974	157,141	155,634
PER CAPITA INFORMATION					
Taxable assessment	$ 2,865	$ 2,853	$ 2,823	$ 2,829	$ 2,773
Current expenditure	$ 680	$ 631	$ 597	$ 577	$ 563
Net Long Term Debt					
General	$ 58	$ 68	$ 77	$ 65	$ 70
Regional enterprises	108	120	132	145	158
Reserves	3	3	3	4	4
	$ 169	$ 191	$ 212	$ 214	$ 232
Charges for Net Long Term Debt					
General	$ 15	$ 16	$ 13	$ 13	$ 15
Regional enterprises	21	23	23	23	25
Reserves	—	—	1	1	3
	$ 36	$ 39	$ 37	$ 37	$ 43



The City of Hamilton with a population of 305,000 is the largest municipality in the Region

CONSOLIDATED FINANCIAL STATEMENTS - INDEX

	PAGE
Management Report	16
Schedule - Current Operations	17
- Capital Operations	18
Reserves & Reserve Fund Statement of Continuity	19
Consolidated Statement of Operations	20
Consolidated Balance Sheet	22
Notes to Financial Statements	23
Auditors' Report	31

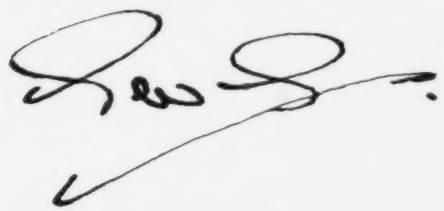
MANAGEMENT REPORT

The management of The Regional Municipality of Hamilton-Wentworth is responsible for the integrity and objectivity of the financial information and representations contained in the consolidated financial statements and other sections of their financial report. The consolidated financial statements, which in part, are based on informed judgements and estimates made by management, have been prepared by management in accordance with the accounting principles disclosed in note (1) of the notes to the consolidated financial statements, applied on a consistent basis.

To assist in carrying out their responsibility, management maintains an accounting system and related controls which will provide reasonable assurance that transactions are executed and recorded in accordance with authorization, that assets are properly safeguarded and accounted for, and that financial records are reliable for preparation of financial statements.

The Region's independent auditors, Pannell Kerr MacGillivray, are engaged to express an opinion as to whether these consolidated financial statements present fairly the Region's financial position and operating results in accordance with the accounting principles disclosed in note (1) of the notes to the consolidated financial statements consistently applied. Their opinion is based on procedures believed by them to be sufficient to support such an opinion.

The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in note (1) of the notes to the consolidated financial statements. Financial information elsewhere in this Financial Report is consistent with that in the consolidated financial statements.



G. W. Lawson, CPFA, CGA
Treasurer & Commissioner of Finance
February 26, 1988

SCHEDULE OF CURRENT OPERATIONS
for the year ended December 31, 1987

	1987 $	1986 $
REVENUE		
Taxation and user charges		
Residential and farm taxation	59,966	54,168
Commercial, industrial and business taxation	39,977	36,112
User charges	93,248	85,540
Grants		
Government of Canada	718	804
Province of Ontario	95,643	88,987
Other		
Investment income	751	761
Other	794	683
TOTAL REVENUE	291,097	267,055
EXPENDITURE		
General government	7,830	5,951
Protection to persons and property	47,588	45,148
Transportation services	61,906	60,392
Environmental services	46,119	44,568
Health services	9,188	8,602
Social and family services	71,891	65,657
Recreation and cultural services	4,229	3,860
Planning and development	5,361	4,403
	254,112	238,581
NET APPROPRIATIONS TO OTHER FUNDS		
Reserves and reserve fund	13,673	13,114
Capital fund	23,332	15,361
	37,005	28,475
TOTAL EXPENDITURE	291,117	267,056
SURPLUS AT THE BEGINNING OF THE YEAR	1,534	1,535
SURPLUS AT THE END OF THE YEAR	1,514	1,534

(Unaudited)

All amounts are in thousands of dollars

The accompanying notes are an integral part of this financial statement

SCHEDULE OF CAPITAL OPERATIONS
for the year ended December 31, 1987

	1987 $	1986 $
SOURCE OF FUNDS		
Province of Ontario grants	15,519	12,403
Other	1,973	3,991
Net appropriations from other funds		
Current operating fund	23,332	15,361
Reserves and reserve fund	17,369	19,609
	58,193	51,364
EXPENDITURE		
General government	485	539
Protection to persons and property	809	589
Transportation services	28,202	18,928
Environmental services	22,954	28,216
Health services	2,547	481
Social and family services	803	—
Planning and development	2,021	198
	57,821	48,951
UNEXPENDED CAPITAL FINANCING AT THE BEGINNING OF THE YEAR	14,653	12,240
UNEXPENDED CAPITAL FINANCING AT THE END OF THE YEAR	15,025	14,653

(Unaudited)

All amounts are in thousands of dollars

The accompanying notes are an integral part of this financial statement

RESERVES AND RESERVE FUND STATEMENT OF CONTINUITY
for the year ended December 31, 198~

	198~	1986
	$	$
AVAILABLE AT THE BEGINNING OF THE YEAR FOR FUTURE PURPOSES	72,399	69,496
REVENUE		
Contributions from the current operating fund	15,20~	13,392
Contributions from the capital fund	2,593	2,204
Contributions from developers	2,290	1,465
Local improvement recoveries	3,193	1,923
Proceeds, sales, fees, other	3,505	1,032
Interest earned	7,545	8,787
TOTAL REVENUE	34,333	28,803
EXPENDITURE		
Transfers to the current operating fund	1,534	278
Transfers to the capital fund	19,963	21,813
Charges for long term liabilities	204	201
General	7,128	3,608
TOTAL EXPENDITURE	28,829	25,900
AVAILABLE AT THE END OF THE YEAR FOR FUTURE PURPOSES	77,903	~2,399

(Unaudited)

All amounts are in thousands of dollars

The accompanying notes are an integral part of this financial statement

CONSOLIDATED STATEMENT OF OPERATIONS
for the year ended December 31, 1987

	1987 $	1986 $
SOURCES OF FINANCING		
Taxation and user charges		
Residential and farm taxation	59,966	54,168
Commercial, industrial and business taxation	39,977	36,112
User charges	93,833	86,134
	193,776	176,414
Grants		
Government of Canada	718	804
Province of Ontario	111,162	101,404
	111,880	102,208
Other		
Investment income	8,296	9,545
Other	11,170	8,487
	19,466	18,032
MUNICIPAL FUND BALANCES AT THE BEGINNING OF THE YEAR (note 7 (a))		
Current operating fund, to be used to offset taxation	1,534	1,535
Unexpended capital financing	14,653	12,240
TOTAL FINANCING AVAILABLE	341,309	310,429

All amounts are in thousands of dollars

The accompanying notes are an integral part of this financial statement

	1987 $	1986 $
APPLIED TO		
Current operations		
General government	9,727	7,836
Protection to persons and property	47,635	45,148
Transportation services	61,906	60,524
Environmental services	46,119	44,568
Health services	9,300	8,602
Social and family services	71,891	65,656
Recreation and cultural services	4,229	3,860
Planning and development	5,361	4,403
	256,168	240,597
Capital operations		
General government	891	831
Protection to persons and property	1,814	1,366
Transportation services	28,253	18,928
Environmental services	25,832	28,918
Health services	2,581	481
Social and family services	803	—
Planning and development	2,923	219
	63,097	50,743
Net change to reserves and reserve fund	5,505	2,902
MUNICIPAL FUND BALANCES AT THE END OF THE YEAR (note 7 (a))		
Current operating fund, to be used to offset taxation	1,514	1,534
Unexpended capital financing	15,025	14,653
TOTAL APPLICATIONS DURING THE YEAR	341,309	310,429

All amounts are in thousands of dollars

The accompanying notes are an integral part of this financial statement

CONSOLIDATED BALANCE SHEET
as at December 31, 1987

	1987 $	1986 $
ASSETS		
Current		
Investments (note 3)	80,444	75,242
User charges receivable	5,571	5,003
Accounts receivable	40,075	26,639
Other current assets	4,355	2,863
Total current assets	130,445	109,747
Long term		
Investments in own debentures (note 3)	12,863	14,459
Capital outlay financed by long term liabilities and to be recovered in future years (note 1 (b)(iii))	72,623	80,992
Total long term assets	85,486	95,451
TOTAL ASSETS	215,931	205,198
LIABILITIES		
Current		
Temporary loans	2,346	2,104
Accounts payable and accrued liabilities	38,232	26,195
Other current liabilities	8,288	7,321
Total current liabilities	48,866	35,620
Long term		
Net long term liabilities (note 6)	72,623	80,992
TOTAL LIABILITIES	121,489	116,612
FUND BALANCES		
Current operating fund, to be used to offset taxation in subsequent year (note 7 (a))	1,514	1,534
Unexpended capital financing (note 7 (a))	15,025	14,653
Reserves (note 5, 7 (b), 10 (d), 13)	69,414	64,239
Reserve fund (note 8)	8,489	8,160
TOTAL FUND BALANCES	94,442	88,586
TOTAL LIABILITIES AND FUND BALANCES	215,931	205,198

All amounts are in thousands of dollars

The accompanying notes are an integral part of this financial statement

1. ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of The Regional Municipality of Hamilton-Wentworth are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

(a) Basis of Consolidation

(i) The consolidated financial statements reflect the assets, liabilities, sources of financing and expenditure of the revenue fund, capital fund, reserve fund and reserves and include the activities of all committees of Council and the following local boards and Regional enterprises which are under the control of Council:

Wentworth Library Board
Hamilton-Wentworth Regional Board of Commissioners of Police

All interfund assets and liabilities and interfund expenditure and revenue have been eliminated in the consolidated statements.

(ii) The financial activities of certain local boards and entities are not consolidated except to the extent of amounts due to or due from those entities and the Region's contribution to those entities. Those entities which are not consolidated are as follows:

Hamilton Civic Hospitals	Conservation Authorities
Royal Botanical Gardens	Disabled and Aged
Children's Aid Societies	Regional Transit System

(iii) Regionally administered programs which are fully funded by the Province of Ontario on the basis of a March 31 year-end are excluded from these statements. Those programs which are not consolidated are as follows:

Teaching Health Unit	Drug and Alcohol Assessment
Case Management	Child and Adolescent Services

The exclusion of these health programs is a financial statement presentation change from previous years. The prior year's comparative figures have also been restated to reflect this change.

(iv) Trust Funds and their related operations administered by the Region are not consolidated but are reported separately on the Trust Funds Statement of Continuity and Balance Sheet.

(b) Basis of Accounting

(i) Accrual Accounting

Sources of financing and expenditure are reported on the accrual basis of accounting with the exception of principal charges on long term liabilities, vested sick leave benefits and contributions to defined benefit pension plans, all of which are charged to operations in the periods in which they are paid.

The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenditure is recognized as it is incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Fixed Assets

The historical cost and accumulated depreciation for fixed assets are not recorded for municipal purposes. Fixed assets are reported in the year of acquisition as an expenditure on the Consolidated Statement of Operations.

(iii) Capital Outlay to be Recovered in Future Years

Capital outlay to be recovered in future years represents the outstanding principal portion of unmatured long term liabilities and is reported on the Consolidated Balance Sheet.

(iv) Investments

Investments are reported at cost on the Consolidated Balance Sheet.

(v) Foreign Currency Translation

Long term liabilities denominated in foreign currency are translated into Canadian dollars at the rate of exchange in effect when the transaction occurred.

2. TRUST FUNDS

Trust funds and their related operations administered by the Region amounting to $2,308,000 (1986 - $2,506,000) are not consolidated, but are reported separately on the Trust Funds Statement of Continuity and Balance Sheet.

3. INVESTMENTS

The total of investments of $93,307,000 (1986 - $89,701,000) reported on the Consolidated Balance Sheet at cost, has a market value of $94,308,000 (1986 - $95,677,000) at the end of the year.

4. PENSION AGREEMENTS

(a) Hamilton-Wentworth Retirement Fund

Approximately 133 employees of the Region are members of this plan and will be future beneficiaries under the terms and conditions of this pension plan. As at December 31, 1987 the plan is estimated to be fully funded.

(b) Transit Employees Pension Plan

Approximately 900 employees of the Region are members of this plan and will be future beneficiaries under the terms and conditions of this pension plan. As at December 31, 1987 the plan is estimated to be fully funded.

(c) Ontario Municipal Employees Retirement System

The Region makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of 2300 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The Region's share of contributions to OMERS for 1987 was $4,196,000 (1986 - $3,778,000) for current service and is included as an expenditure on the Consolidated Statement of Operations.

(d) Retirement Plan

The plan for Councillors was approved by Regional Council on January 15, 1985. The cost of funding this plan for past service contributions amounting to $340,000 was financed from the contingency reserve and transferred to a reserve.

An amount of $33,000 (1986 - $47,000) has been provided for current service and is included as an expenditure on the Consolidated Statement of Operations.

5. LIABILITY FOR VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment when they leave the Region's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on terminating, amounted to $11,880,000 (1986 - $10,916,000) at the end of the year. An amount of $5,226,000 (1986 - $4,292,000) has been provided for this past service liability and is reported on the Consolidated Balance Sheet as a reserve.

An amount of $934,000 (1986 - $587,000) has been provided for in the current year and is reported on the Consolidated Statement of Operations. The remainder of this liability will be funded by contributions in future years.

6. NET LONG TERM LIABILITIES

(a) In addition to long term liabilities incurred directly, the Region has assumed the responsibility for the charges on debt originally incurred by local municipalities in respect of functions which are now a Regional responsibility.

As well as incurring long term liabilities for Regional purposes, the Region also incurs long term liabilities on behalf of the Area Municipalities and School Boards. The responsibility for raising the amounts required to service this debt lies with the respective Area Municipalities and School Boards.

The Region is contingently liable for long term liabilities with respect to tile drainage and shoreline property assistance loans, and for debentures for which the responsibility for the payment of principal and interest has been assumed by Area Municipalities, School Boards and unconsolidated local boards, municipal enterprises, and utilities. The total amount of this contingent liability outstanding as at December 31, 1987 is $52,337,000 (1986 - $55,610,000) and is not reported on the Consolidated Balance Sheet.

(b) The balance of net long term liabilities reported on the Consolidated Balance Sheet is made up of the following:

	1987 $ (000's)	1986 $ (000's)
Long term liabilities incurred by the Region	99,378	106,240
Long term liabilities incurred by others for which the Region has assumed responsibility	28,678	32,360
Long term liabilities incurred by the Region for which other governments have assumed responsibility	(52,337)	(55,610)
Sinking fund and Ministry of the Environment debt retirement fund accumulated to the end of the year to retire the Region's related long term liabilities	(3,096)	(2,198)
Net long term liabilities at the end of the year	72,623	80,992

Included in the above net long term debt liabilities at the end of the year is an amount of $8,774,000 (1986 - $10,049,000) payable in U.S. dollars and converted into Canadian dollars at the rate prevailing when the liability was incurred. If the liability were converted into Canadian dollars at the closing exchange rate prevailing at December 31, 1987 the Region's net long term liabilities would be increased by approximately $2,630,000 (1986 - $3,821,000).

Approval of the Ontario Municipal Board has been obtained for the long term liabilities issued in the name of the Region.

(c) Of the net long term liabilities certain principal payments do not represent a burden on general Regional revenue, as they are to be recovered in future years from other sources. The total principal payments for the periods 1988 to 1992, 1993 to 1997, and 1998 and thereafter and the source of financing are summarized as follows:

	1988 to 1992	1993 to 1997	1998 and thereafter	*Total Outstanding Debt* Dec. 31 198-	Dec. 31 1986
	$ (000's)	$ (000's)	$ (000's)	$ (000's)	$ (000's)
Special charges on benefitting landowners	2,624	1,607	—	4,231	4,615
Water rates	12,047	4,423	473	16,943	19,603
Sewer rates	7,043	6,382	11,908	25,333	26,843
Reserves	1,058	65	—	1,123	1,260
Total from other sources	22,772	12,477	12,381	47,630	52,321
Total from general revenue	16,778	8,163	52	24,993	28,671
Total	39,550	20,640	12,433	72,623	80,992

7. FUND BALANCES AT THE END OF THE YEAR

(a) Fund balances on the Consolidated Statement of Operations of $1,514,000 (1986 - $1,534,000) and $15,025,000 (1986 - $14,653,000) at the end of the year are comprised of the following:

	1987 $ (000's)	1986 $ (000's)
For general reduction of taxation	1,514	1,534
Funds available for capital expenditure	33,912	27,756
Capital expenditure to be financed through reserves and reserve fund	(16,088)	(5,112)
Capital expenditure to be financed from the capital levy	(2,799)	(7,991)
	15,025	14,653
	16,539	16,187

(b) The balance for the general reduction of taxation for the fiscal year ending December 31, 1987 has been reduced by an amount of $638,000 (1986 - $98,000) transferred to the Winter Control reserve as authorized by Regional Council (February 3, 1987 Council Minutes) and by $535,000 (1986 - Nil) transferred to the Reserve for Contingency as authorized by Regional Council (June 16, 1987 Council Minutes).

8. RESERVES AND RESERVE FUND

The total balances of reserves and reserve fund of $69,414,000 (1986 $64,239,000) and $8,489,000 (1986 $8,160,000) respectively are made up of the following:

	1987 $ (000's)	1986 $ (000's)
Reserves set aside for specific purposes by Council		
Capital programs	48,884	44,025
Ministry of the Environment contingencies	781	626
Debt retirement	4,413	6,506
Sick leave liability	5,218	4,286
Replacement of equipment	3,355	3,129
Self insurance	5,418	4,403
Workers' compensation	426	401
Other	919	863
	69,414	64,239
Reserve fund set aside for specific purposes by legislation		
Lot levies	8,489	8,160
Total	77,903	72,399

9. CHARGES FOR NET LONG TERM LIABILITIES

	1987 $ (000's)	1986 $ (000's)
(a) Total charges for the year for net long term liabilities were as follows:		
Principal payments including contributions to sinking funds and to the Ministry of the Environment Debt Retirement Fund	7,975	8,150
Interest	7,621	8,641
	15,596	16,791
(b) Total charges for the year for net long term liabilities were recorded as follows:		
General regional revenue	6,382	6,840
Regional enterprises	9,010	9,750
Reserves	204	201
	15,596	16,791

10 CONTINGENT LIABILITIES

(a) A contingent liability for the potential awards for injurious affection of the lands located in the area of a Regional landfill site could exist, if the Court were to decide that this kind of injurious affection is compensable. The potential compensation may be approximately $800,000. At the end of the year the outcome is not determinable.

(b) The Region has assumed the liability for any cost awarded under the Workers' Compensation Act. An amount of $426,000 (1986 - $401,000) has been provided for this liability and is reported on the Consolidated Balance Sheet as a reserve. Payments charged against operations in the current year amounted to $931,000 (1986 - $862,000).

(c) On June 8th, 1987, the Ontario Municipal Board ruled in favour of an assessment appeal by Dofasco which could require the Region to repay approximately $1,000,000 of taxes for years 1984, 1985, and 1986. The Region has estimated the 1987 contingent liability to be approximately $400,000, and a provision was made in the 1987 operating budget. A contingent liability for the potential repayment of Dofasco taxes received through the City of Hamilton would exist, if the courts uphold the decision of the Ontario Municipal Board. The Region, the City of Hamilton and the Hamilton Board of Education are jointly appealing this decision. At the end of the year the appeal had not been considered by the Court.

(d) Other legal actions are outstanding against the Region, the potential total liability for which is not significant.

11. CONTRACTUAL OBLIGATIONS

(a) The Region has agreements with the Ministry of the Environment, Ontario Housing Assistance Program and Ontario Land Corporation for various capital projects. The outstanding future obligations under these agreements amount to $14,194,000 (1986 - $14,996,000). The source of funds for future payments under these agreements will be through the Region's capital budget and related capital financing plan.

(b) The Region has outstanding contractual obligations of approximately $14,676,000 (1986 - $8,500,000) for capital works. Regional Council has authorized the financing of these obligations.

(c) The Region has executed lease agreements requiring annual payments chargeable to future years as they become due and payable. The only agreements of any significance are those for administrative office space. The estimated payment in each of the next four years is approximately $968,000 per year.

(d) The Region has entered into an agreement with Tricil Limited for the disposal of the Region's solid waste. The agreement provides for application of an annual inflation factor. The cost for 1987 is $8,835,000 (1986 - $8,761,000). The agreement expires December 31, 1995.

12. BUDGET FIGURES

Budgets established for Capital Funds, Reserves and Reserve Fund are based on a project oriented basis, the costs of which may be carried out over one or more years. As such, they are not directly comparable with current year actual amounts and budgets have therefore not been reflected on the Consolidated Statement of Operations.

13. PUBLIC LIABILITY INSURANCE

In recent years there have been substantial increases in the premiums charged by the insurance industry for public liability insurance. As a result, the Region has undertaken some portion of the risk, which would normally have been covered by outside insurers.

The Region is self insured for public liability claims up to $500,000 for any individual claim and $500,000 for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these limits.

The Region has a Reserve for allocated Self Insurance claims which as at December 31, 1987 amounted to $1,031,000 (1986 - $685,000) and is reported on the Consolidated Balance Sheet under Reserves. Claims of $388,785 (1986 - $288,200) were allocated for the year and have been reported as an expenditure on the Consolidated Statement of Operations.

Claims settled during the year amounting to $183,000 (1986 - $175,000) have been provided for from the reserve, and are accordingly reported as an expenditure on the Consolidated Statement of Operations.

There were 4 major claims unsettled as at December 31, 1987. The largest claim involves a sewer back-up. Other claims pertain to bodily injury.

In addition, the Region maintains a general unallocated insurance reserve which amounted to $4,388,000 as at December 31, 1987. This reserve can also be used to supplement the allocated Self Insurance reserve for potential cost overruns arising from unforseen claim awards and unanticipated premium increases.

No opinion is expressed concerning the outcome of the above claims.

14. SUBSEQUENT EVENT

The Region has committed to float a $28,000,000 debenture issue, dated March 1, 1988 on behalf of the respective Area Municipalities and the Wentworth County Board of Education. The Region, Area Municipalities and the Wentworth County Board of Education have direct, joint and several obligations for the repayment of this debenture.

AUDITORS' REPORT

To the Chairman,
The Members of Council,
Inhabitants and Ratepayers
of the Corporation of
The Regional Municipality
of Hamilton-Wentworth.

We have examined the consolidated balance sheet of the Corporation of The Regional Municipality of Hamilton-Wentworth as at December 31, 1987 and the consolidated statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation of The Regional Municipality of Hamilton-Wentworth as at December 31, 1987 and the results of its operations for the year then ended in accordance with the accounting principles disclosed in note (1) to the financial statements applied on a basis consistent with that of the preceding year.

Pannell Kerr MacGillivray

Hamilton, Ontario
February 26, 1988

PANNELL KERR MacGILLIVRAY
Chartered Accountants

TRUST FUNDS - INDEX

	PAGE
Financial Statements	33
Notes to Financial Statements	34
Auditors' Report	35

STATEMENT OF CONTINUITY
for the year ended December 31, 1987

	Total	Welfare Trusts	Macassa Lodge Trusts	Wentworth Lodge Trusts
	$	$	$	$
BALANCE AT THE BEGINNING OF THE YEAR	2,505,379	8,023	1,542,513	954,843
Receipts				
Residents' deposits	4,170,506	—	2,722,731	1,447,775
Interest earned	204,871	—	114,071	90,800
Other	2,693	—	—	2,693
	4,378,070	—	2,836,802	1,541,268
Disbursements				
Maintenance payments	3,418,581	—	2,329,937	1,088,644
Residents' charges	579,759	—	371,214	208,545
Payments to estates	531,728	—	352,089	179,639
Payments on discharge	45,075	—	35,075	10,000
	4,575,143	—	3,088,315	1,486,828
BALANCE AT THE END OF THE YEAR	2,308,306	8,023	1,291,000	1,009,283

BALANCE SHEET
as at December 31, 1987

	Total	Welfare Trusts	Macassa Lodge Trusts	Wentworth Lodge Trusts
	$	$	$	$
ASSETS				
Cash & short-term deposits	1,832,123	—	1,284,840	547,283
Long-term securities	468,000	—	6,000	462,000
Share certificates	160	—	160	—
Reserve funds	8,023	8,023	—	—
	2,308,306	8,023	1,291,000	1,009,283
FUND EQUITY	2,308,306	8,023	1,291,000	1,009,283

All amounts are to the nearest dollar

The accompanying notes are an integral part of this financial statement

NOTES TO FINANCIAL STATEMENTS
for the year ended December 31, 1987

1. ACCOUNTING POLICIES

The financial statements of the Trust Funds of the Corporation of The Regional Municipality of Hamilton-Wentworth are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involve the use of estimates and approximations. These have been made using careful judgments.

(a) Basis of Accounting

Receipts and disbursements on the Statement of Continuity are reported on the cash basis of accounting.

2. INVESTMENTS

The investments totalling $1,895,308 (1986 - $2,025,000) recorded on the Balance Sheet at cost, have a market value of $1,919,028 (1986 - $2,025,000) as at the end of the year.

AUDITORS' REPORT

To the Chairman,
The Members of Council,
Inhabitants and Ratepayers
of the Corporation of
The Regional Municipality
of Hamilton Wentworth.

We have examined the balance sheet of the Trust Funds of the Corporation of The Regional Municipality of Hamilton-Wentworth as at December 31, 1987, and the statement of continuity of trust funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Trust Funds for the Corporation of The Regional Municipality of Hamilton-Wentworth as at December 31, 1987 and the statement of continuity of trust funds for the year then ended in accordance with the accounting principles disclosed in note (1) to the financial statements applied on a basis consistent with that of the preceding year.

Pannell Kerr MacGillivray

Hamilton, Ontario
February 26, 1988

PANNELL KERR MacGILLIVRAY
Chartered Accountants

Department of Finance

G. W. Lawson, CPFA, CGA
Commissioner of Finance

T. J. Bunce, CMA
Director of Administration

C. A. Mascarenhas, CMA
Director of Finance

D. J. Tyler, CPFA
Director of Accounting

J. P. Bruzzese, CGA
Director of Revenue

D. T. McInnis, CMA
Manager of Reporting and
Accounting Services

D. C. Oak, CMA
Supervisor of Corporate Reporting

Internal Auditor

A. M. Pekaruk. CA

External Auditors

Pannell Kerr MacGillivray
Chartered Accountants

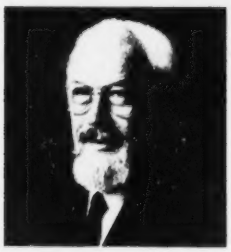
Fiscal Agencies

Wood Gundy Inc.
Pemberton Securities Inc.

Banker

Bank of Montreal

REGIONAL SERVICES



W. M. CARSON
Chief Administrative Officer

Chief Administrative Officer

- provide overall direction, counsel and support for Regional departments

G.W. LAWSON
Commissioner of Finance

Finance and Treasury Services

- provide financial expertise, corporate reporting, accounting control and financial policy development
- provide sewer and water billing and customer services
- secure capital financing for the Region, Area Municipalities and School Boards
- prepare and monitor current and capital budgets
- provide corporate purchasing, insurance and systems services

Social Services

- provide social and financial assistance to the unemployed, the unemployable and persons in need of temporary assistance
- operate Regional child development centres, day nurseries and home day care programs
- aid community, social and health agencies in their funding to provide support services in the community
- provide services and facilities for senior citizens through Homes for the Aged

M. J. SCHUSTER
Commissioner of Social Services

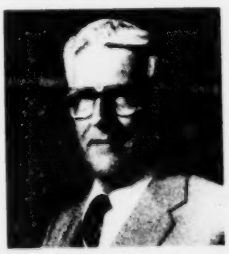
Board of Commissioners of Police

- prevent and detect crime within the Region
- protect persons and property
- maintain law and order
- provide safety instruction to youth including school traffic crossing guards
- apprehend and bring before courts of law, alleged offenders
- reduce motor vehicle collisions through selective traffic enforcement

R. HAMILTON
Chief of Police

Engineering

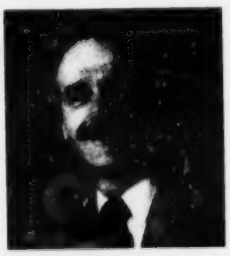
- planning, design, construction and operation of water treatment facilities and distribution systems
- planning, design, construction and operation of sanitary sewage treatment facilities and sewage collection systems (Also storm sewers in the City of Hamilton)
- design, construction and maintenance of Regional road system
- disposal of solid waste using transfer stations, landfill site and incinerator
- control of subdivision servicing for the Region and City of Hamilton
- provide Engineering services to the City of Hamilton
- provide Regional laboratory services
- provide both legal and construction survey services



J. R. G. LEACH
Commissioner of Engineering

Planning

- to provide the most efficient and effective land use and development pattern in the Region
- provide economic analysis and policy development
- prepare and maintain Regional official plan
- process and report on plans of subdivisions and condominiums
- to develop and maintain a centralized Regional Information Service



J. D. THOMS
Commissioner of Planning

DR. A. I. CUNNINGHAM
Medical Officer of Health

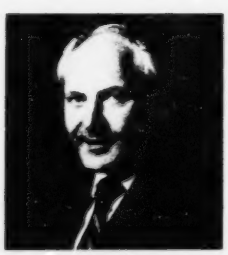
Health Services

- promote and protect the health and well-being of the citizens of Hamilton-Wentworth
- prevent disease through inspection services
- provide nursing and counselling services
- establish a comprehensive program of health education, information, diagnosis and education, information, and treatment of communicable diseases
- provide a preventive and educational dental program
- provide mental health services

S. GHANEM
Director of Economic Development

Economic Development

- maintain and expand local business
- attract new business to the Region
- develop industrial park lands
- promote tourism and conventions



H. O. SCHWEINBENZ
Commissioner of Transportation

Transportation Services

- provide public transit system for the Region's citizens within the Region's boundaries
- provide public inter-city transit system to neighbouring Regions and catchment area
- maintain the public transit fleets and infrastructure
- project planning, administration, funding and approvals for improvements to the Regional road system
- overall transportation planning
- monitor and administer the operation of the Regional road system

C. LOWE
Commissioner - Human Resources Centre

Personnel Services

- provide personnel services and policies
- negotiate collective agreements
- provide occupation, health and safety services
- provide training and development
- employee assistance and suggestion programs

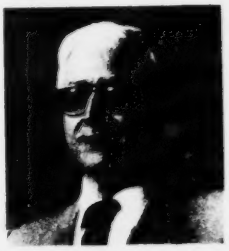
Libraries

- provide a full range of library service programs for the Wentworth Library Board which operates fifteen libraries throughout the municipalities of Ancaster, Flamborough, Glanbrook and Stoney Creek

I. M. CALBICK
Chief Librarian

Legal Services

- provide legal services to departments, committees, council, boards and agencies



R. M. PLANT
Regional Solicitor

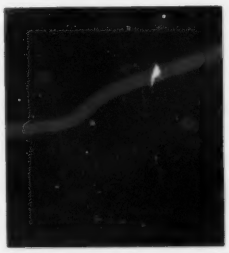
Clerk Services

- Council Secretariat
- Regional official documents and records management
- provide courier, mail, and printing services
- statutory responsibilities respecting Local Improvement Act, Secretary to Court of Revision
- provide access by public to Council records

P. NOE JOHNSON
Regional Clerk

Airport

- administer and operate the airport to Transport Canada standards and safety requirements
- promote the airport to the aviation industry through personal contact and advertising



P. AINSWORTH
Airport Manager

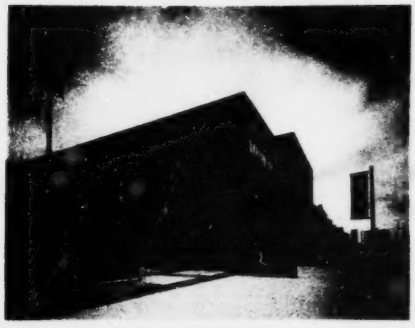
CURRENT OPERATIONS

The Region provides a comprehensive range of day-to-day municipal services that are funded from the Current Fund and reports these activities on a functional classification and object of expenditure basis. Services provided and reported here include transportation, police, environmental, planning, economic development, recreation, culture, social and health services.

Hamilton-Wentworth's current operating surplus at the end of 198⁷ was $1.5 million. This surplus was after the transfer of approximately $1.2 million to reserves in accordance with Council policy and marks the fourteenth straight year of an operating surplus. The 198⁷ surplus consists of supplementary taxes received from the Area Municipalities and is applied against the succeeding year tax levy as required by Legislation.

Expenditure

Expenditure from the Current Fund is incurred for the purpose of the current year's operations, maintenance, administration, and financing. This embraces every transaction that is not specifically allocated to some other fund. The money expended to provide services and benefits to the Region's inhabitants increased by 9% to a level of $292.⁷ million for the fiscal year ended December 31, 198⁷. From a functional standpoint, health and social services which include public health, welfare and day care assistance, and two homes for the aged comprised the largest spending category at $82.6 million. Funds expended for transportation services ranked second in total at 25%, or $⁷3.8 million. The majority of the costs for transportation services totalling $49.3 million was attributable to the operation of the Hamilton Street Railway and Canada Coach Lines, which carried a combined total of 30.1 million transit passengers in 198⁷. Other transportation related costs included $19.9 million spent on roadways, $2.8 million on winter control, $1.1 million on airport operations and $.⁷ million on the Disabled and Aged Regional Transit System. The $66.3 million expenditure for environmental services includes solid waste disposal and the costs associated with sanitary, water, and sewer line maintenance. Specific costs for environmental services include $25.5 million for the sanitary sewer system, $23.6 million for the waterworks system, $11.4 million for solid waste disposal, $4.3 million for the storm sewer system, and $1.5 million for pollution control and administrative costs. A $46.1 million expenditure for Police represented the cost of maintaining law and order in the Region. The remaining Current Fund expenditure totalling $21.3 million was incurred for general administration, recreation, culture, planning and development services.



The central headquarters of the 906 member Hamilton Wentworth Regional Police Force.

Of the total expenditure, 82% was utilized for current operating costs, 8% was used to finance capital operations, 5% was transferred to reserves, and 5% was applicable to servicing long term debt.

1987 Current Expenditure
(millions of dollars)

By Function	$	%	By Object	$	%
Social and Health	82.6	28	Salaries and Wages	122.1	42
Transportation	73.8	25	Materials and Supplies	71.7	25
Environmental	66.3	23	Grants and Assistance	44.9	15
Protection	48.7	17	Transfer to Own Funds	38.6	13
Other	21.3	7	Debt Charges	15.4	5
Total	292.7	100		292.7	100

Revenue

Functional classifications for revenue reporting include Ontario grants, Canada grants, general grants, fees and grants from other municipalities, fees and service charges, donations, taxation, and other revenue.

Revenue for current operations totalled $294.2 million, an increase of 9% over 1986. Over 82% of all revenue received was derived from three sources: taxation, direct water and sewer billings to ratepayers, and provincial subsidies. Levies on area municipalities accounted for $99.9 million, direct water and sewer charges produced $43.1 million, and provincial subsidies totalled $95.6 million. The majority of the remaining revenue came from fees and service charges of $41.1 million which included transit fees, licenses, permits, and sale of publications and equipment. Other notable sources of revenue during the year included $9.5 million in grants and fees from other municipalities, fines of $.3 million, $.7 million in investment income, and a surplus from the previous year of $1.5 million.

1987 Sources of Revenue
(millions of dollars)

	$	%
Taxation	99.9	34
Provincial & Federal Grants	96.4	33
User Fees & Service Charges	41.1	14
Sewer Surcharges on Water Billings	23.1	8
Water Billings	19.9	7
Miscellaneous	13.8	4
Total	294.2	100

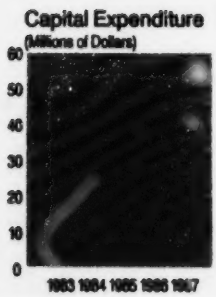
The tranquil beauty of Webster's Falls in Flamborough is characteristic of Greater Hamilton's many parks and conservation areas.

The Capital Fund accounts for the receipt and disbursement of significant funds used for the acquisition or construction of capital facilities. Expenditure will result in benefits to the Region lasting beyond one year and would include the acquisition and improvement of land, improvement or construction of buildings, engineering structures, roads, machinery, equipment, and major studies, used in providing Regional Services. The primary sources for financing the Region's capital programs consist of internal borrowing, contributions from other governments, and current funds.

At the close of financial operations in 1987, revenue exceeded expenditure by $15 million. This represented $.3 million, or 3% increase over the $14.7 million recorded last year.

Expenditure

The Region's capital program in 1987 incurred expenditure of $57.8 million, an increase of 18% or $8.9 million over 1986. Transportation related expenditure continued to dominate capital spending totalling $28.2 million, or 49% of all expenditure. Roadways at $15.4 million and Transit costs of $12.8 million made up the total expenditure for this function. The single most expensive roadway project undertaken in 1987 was the $3.2 million expended for the reconstruction of the High Level bridge. Other significant roadway expenditure included $2.2 million for road work at Mohawk Road and Upper Paradise, and $1.5 million for freeway land purchases. Major transit related expenditure included $7.7 million for the acquisition of 39 buses including 9 articulated buses, $1.4 million for the Wentworth St. transit garage land, $1.4 million towards an automated farebox system, and $1.5 million for communication and control systems.



Capital outlay for environmental services represented the second largest spending area at $23 million, or 40% of the total. The expenditure breakdown included $12.5 million for sanitary sewers, $6.1 million for the waterworks system, $3.5 million for maintenance and expansion of storm sewers, and $.9 million for solid waste disposal.

Other capital expenditure amounting to $6.6 million made up the remainder, or 11% of the total. Significant items include a $2.5 million contribution to the area wide hospital reconstruction and expansion program, and $1.9 million for the purchase, servicing, and maintenance of industrial park land. Some other highlights in this category were $.8 million for renovations to two Homes for the Aged, a $.5 million loan to the Hamilton Region Conservation Authority for expansion of the Wild Waterworks Wave Action Pool, and $.3 million spent on a computerized record storage and retrieval system for the police department, known as Project Constable.

1987 Capital Expenditure
(millions of dollars)

	$	%
Transportation	28.2	49
Environment	23.0	40
Health	2.5	4
Planning & Development	2.0	4
Protection	.8	1
Social and Family	.8	1
General Administration	.5	1
Total	57.8	100

Revenue

Capital financing is available from five sources: current operating fund, reserves and reserve fund, grants, long term liabilities, and other. In accordance with the Pay-As-You-Go Policy the proportion of financing from internal sources continues to increase. Of the total $58.2 million in revenue reported in the Capital Fund, 40% came from current operations, 30% from reserves , and 30% from grants and other sources. Revenue from internal sources increased slightly in 1987, representing 70% of all financing compared to 68% in the preceding year. For the second year in a row, long term debt was not utilized as a source of financing.

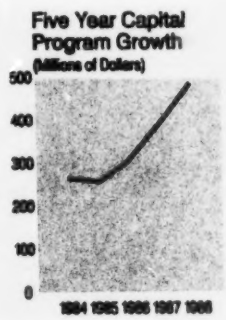
Borer's Glen located in Dundas is representative of the natural beauty found in the Region.

1988-1992 Capital Program

Five year Capital Budgets are updated each year to reflect any new projects, changes in financing costs, and any required operational changes in work-in-progress program accounts. These capital programs are evaluated in terms of our five-year fiscal operating program to ensure that their cost can be met within the operating budgets and that they are conducive to the long range Regional direction. The choice and number of projects included in the Capital Budget are influenced by planning policies, engineering and technical considerations, and financial policies.

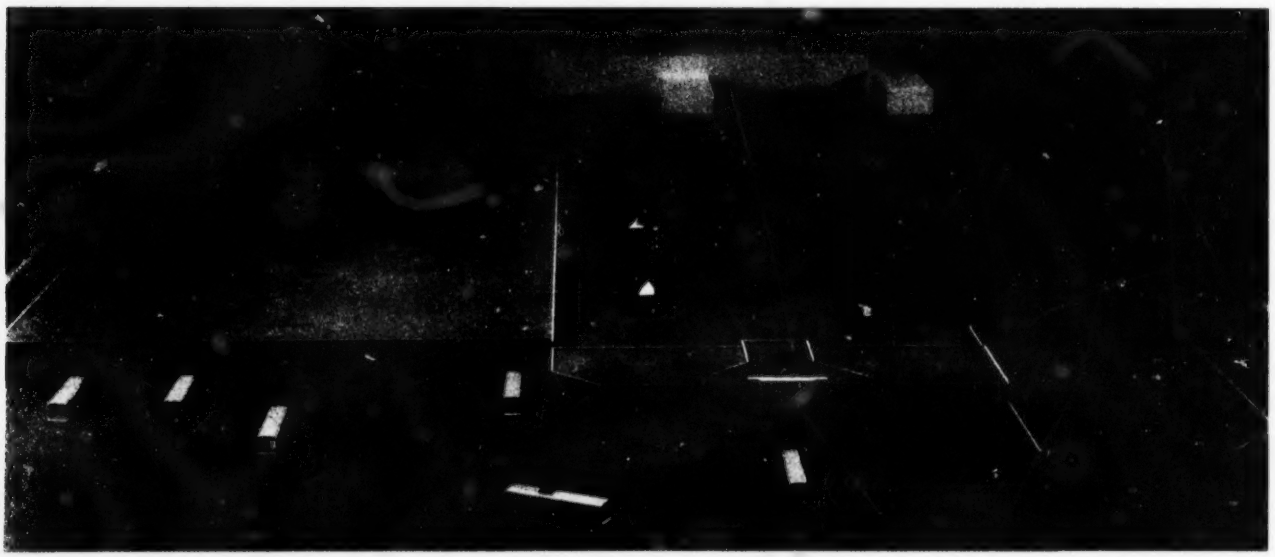
The 1988-1992 Capital Budget is forecasting $488 million in expenditure over the next 5 years. This represents a dramatic increase of $93 million, or 23.5% over the 1987-1991 capital program. This large increase is the result of above inflationary increases in construction costs and pressure being experienced on the Region's infrastructure due to sustained growth which has necessitated the need for additional capital projects.

Transportation related projects continue to account for the majority of planned capital spending, amounting to $246 million, or 50% of the total. Proposed spending includes $174 million on roadways and $72 million on transit equipment and facilities. Highlighting the roadways program is the $85 million toward the construction of the North/South, East/West Freeway and the $40 million to be spent on a Roads Rehabilitation Program. In addition, other items of interest includes $4.4 million for the Region's share of a new Traffic Centre, $1.4 million earmarked for painting of the High Level bridge, and $1.7 million for the Upper Paradise roadway construction. Transit capital expenditure will be allocated for the replacement of 25 Canada Coach Lines buses, and a $32.3 million provision for a new Transit Centre. New transit projects include the installation of power assisted steering in existing buses, enhancements to ridership information systems and new bus loading areas.



The expansion and upgrading of water, sanitary and sewer systems will require the channelling of $148 million, or 30% of the capital budget towards this purpose. Other capital expenditure of a miscellaneous nature include the leasing cost for a proposed new Regional Administration Building, renovations to the interior of the Hamilton Airport terminal to accommodate additional baggage and ticket counter space, and a $2 million contribution to the Hamilton Conservation Authority for capital improvements to the Wentworth Heritage Village. Improvements to people oriented capital facilities include $16.5 million for the renovation of two Homes for the Aged, Macassa and Wentworth Lodge. In an effort to attract new business to the Region, $1.7 million has been set aside for the development of a Small Business Centre.

The 1988-1992 Capital Budget reflects a continuing trend towards Phase III of the Pay-As-You-Go Policy whereby annual capital requirements are financed from current operating budgets. The anticipated financing mix for this year's capital budget will be 32% from current budgets, 19% from reserves, 8% from external financing, and 41% from grants and other sources.



Model of the planned multi-million dollar Wentworth Street transit centre.

The Reserves and Reserve Fund are used to account for proceeds of specific revenue sources that are legally or otherwise restricted to expenditure for specified purposes including current operating programs and/or for capital outlays. The Region classifies reserves into three categories for management planning and control purposes, Reserves Supporting Capital Financing, Capital Reserves, and Other Allocated Reserves.

Revenue and Expenditure

Hamilton-Wentworth's Reserves and Reserve Fund balance increased 8% to $77.9 million, compared to a balance of $72.4 million in 1986. During 1987, the Region allocated $15.2 million to the reserve accounts from its Current Fund and $2.6 million from the Capital Fund. Contributions from the Current and Capital Funds comprise 52% of the total $34.3 million in revenue from this fund. Earnings of $7.5 million were realized on the investment of reserve fund balances, representing 22% of total revenue. Proceeds from sales, fees, contributions from developers, and local improvement recoveries made up the balance of revenue received.

Financing of capital programs accounted for 69% of the total $28.8 million in expenditure recorded in the Reserves and Reserve Fund in 1987. It is expected that 19% of the total 1988-1992 planned capital expenditure will be financed from the Reserves and Reserve Fund. Contributions from reserves to the Capital Fund will decrease over time as the Pay-As-You-Go Financing Policy is completely implemented.

Reserves Supporting Capital Financing

Reserves in this classification are used to fund capital expenditure and have enabled the Region to reduce long term debt significantly. The reserve funds supporting the capital financing plan have increased from $45.7 million in 1986 to $51.1 million in 1987. During 1987 $15.3 million from these reserves were used to finance capital projects. In the 1988-1992 Capital Budget the capital financing requirement from these reserves amounts to $83.6 million.

Substantial 1987 reserve balances found here include $8.5 million from lot levies and $8.4 million and $8.1 million in funds set aside for the maintenance and construction of sanitary and storm sewers respectively. The lot Levy Reserve mentioned is used to alleviate the burden which new development imposes on existing tax and utility ratepayers.

Capital Reserves

These reserves are utilized to cover the costs of future liabilities of a capital nature that have been incurred by the Region. Capital Reserves closed the fiscal year 1987 with a fund balance of $4.3 million, compared to $8.8 million in the preceding year.

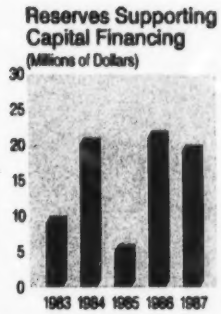
An Industrial Lands Reserve of $1.3 million used for the acquisition and development of industrial lands represents the largest reserve in this category.

The Royal Botanical Gardens can offer the visitor a variety of hiking trails, a Mediterranean Greenhouse, or the internationally famed Rock Gardens pictured here.

Other Allocated Reserves

The balance of other allocated reserves has grown to $21.8 million, an increase of $4.5 million over 1986. Reserves of this category are generally used to cover expenditure of a non-recurring nature, contingent liabilities, or planning for future known liabilities. By utilizing the reserves in this manner, the Region can smooth the impact on operating budgets and minimize future problems. In 1987 a total of $3.2 million was expended from these reserves.

An explanation of the intended use of some of these reserves selected at random has been outlined below, for the benefit of the reader.



The purpose of the Contingency Reserve with a 1987 fiscal year-end balance of $1.5 million is to ensure adequate protection against unexpected events, expenditure requirements or revenue shortfalls, and to minimize erratic impacts on annual operating budgets. An amount equal to the lesser of the contingency surplus or operating surplus is transferred each year to the contingency reserve until a maximum ceiling of 2% of the general levy is reached. In 1988 the ceiling would be approximately $1.7 million.

The Winter Control Reserve is used as a safeguard against unusual inclement winter weather in years where the actual snow removal costs are higher than budget. Prior to any appropriate Contingency Reserve transfer, an amount equal to the lesser of the surplus in the snow removal budget or the operating surplus is to be transferred to this reserve at the end of each year until the reserve reaches a maximum of $1 million. The exceptional mild and snowless winter in 1987 allowed the Region to transfer $638,000 to this reserve.

The Systems Development Reserve was established to aid in the development of cost effective systems for all regional departments. Departments may borrow interest free from this reserve to fund systems projects which will reduce ongoing costs as justified by a cost/benefit analysis. The loan is repaid to the reserve by the department from the savings realized in the budget as a result of the reduced operating costs.

The Sick Leave Liability Reserve is used to help stabilize the annual budget requirements for unexpected fluctuating lump sum sick leave payments and makes some provision for the vested portion of the liability. Under the sick leave benefit plan, unused sick leave can accumulate for certain employees who may become entitled to cash payments when they leave the Region's employment.

The following individuals contributed photos to this year's annual report:

Paul Sparrow.....Cover
David Seldon Photo.....Page 2
David Gruggen (2 photos).....Page 3
David Seldon Photo.....Page 4
David Gruggen.....Page 8
David Gruggen.....Page 12
David Gruggen.....Page 42
David Seldon Photo.....Page 43
David Seldon Photo.....Page 45
Roy Duncan.....Page 46
David Seldon Photo.....Page 47

Printed by Seldon Printing Limited, Hamilton